



Trade Facts

From the Office of the United States Trade Representative
Washington, DC 20508

www.ustr.gov

Free Trade With Southern Africa Building on the Success of AGOA

A Bold Initiative to Expand Trade with Africa. On November 4, 2002, U.S. Trade Representative Robert B. Zoellick notified Congress that President Bush intends to initiate negotiations for a free trade agreement with the five member countries of the Southern African Customs Union (SACU). These five nations—Botswana, Lesotho, Namibia, South Africa and Swaziland—comprise the largest U.S. export market in sub-Saharan Africa, with \$3.1 billion in U.S. exports in 2001.

"Ultimately, free trade is about freedom. This value is at the heart of our reform and development agenda."

Ambassador Robert B. Zoellick

Why SACU? Total two-way trade with the SACU nations was approximately \$7.9 billion in 2001. Established in 1910, SACU is the world's oldest customs union and is an important market for U.S. machinery, vehicles, aircraft, medical instruments, plastics, chemicals, cereals, pharmaceuticals, wood and paper products. The Administration has consulted with Congress regarding a free trade agreement with SACU since early 2002, and initial consultations indicate broad bipartisan support.

Building on the Success of AGOA. All five SACU countries are beneficiaries of U.S. trade preferences under the African Growth and Opportunity Act (AGOA). As a result of AGOA, the U.S. provides duty-free access to substantially all exports of sub-Saharan Africa; more than 92% of U.S. imports from AGOA eligible countries enter the U.S. duty-free. U.S. AGOA imports from SACU countries in 2001 were \$1.9 billion, and in 2001 the value of non-fuel goods imported from SACU-member Lesotho was up 53% over the previous year.

FTA With SACU Would Level the Playing Field. By moving from one-way trade preferences to a reciprocal free trade agreement, the U.S. will expand its access to SACU markets, further link trade with the region's economic development strategies, encourage greater foreign investment, and promote regional economic integration and growth. An FTA will also help to level the playing field in areas where U.S. exporters are disadvantaged by the European Union's free trade agreement with South Africa.

Key U.S. Goals for an FTA. Through the FTA, the United States will work with SACU countries to address restrictive licensing measures, improve intellectual property rights protection, and dismantle high tariffs and other barriers to market access for U.S. goods and services. The U.S. will also seek to engage SACU countries as partners for key market-opening initiatives through multilateral negotiations in the World Trade Organization.

SACU and the U.S. Trade Strategy. The U.S. is using the momentum gained from the passage of Trade Promotion Authority to open major foreign markets—in Europe, Japan, Australia, and China—through global, regional, and bilateral trade negotiations. President Bush has also directed the Administration to reach out to developing countries struggling to gain a foothold in the global economy. Seeking out new growth opportunities, such as those in Southern Africa, is an integral part of the Administration's global trade strategy.